Deloitte Consulting

THE echo GROUP

California Developmental Disabilities Information System -- CADDIS

Design Specifications

TITLE: 118 A/P EFT and ACH Transactions

FUNCTIONAL AREA: Fiscal Design

COMPONENT: POS

DATE: 05/29/2003

California Developmental Disabilities Information System -- CADDIS	VERSION: 4.0
TITLE: 118 A/P EFT and ACH Transactions	Date: 05/29/2003

Revision History

This section will contain details of changes to the document.

Date	Version	Description	Author
4/23/03	1.0	DFIL	Carla Milton
5/6/03	2.0	FINAL – Updated based on the NACHA Operating Rules – 1993 and feedback received from the SMEs	Carla Milton
5/16/03	3.0	Updated based on comments received from SMEs resulting from Approval Submission Added an Appendix to display responses to comments received	
5/17/2003	4.0	Formatted for submission of the System Design Deliverable	Eric Ylst

Requirement Addressed

The following requirements are being fully or partially considered for the development of the specifications. For partially met requirements, only the portion of the requirement that is addressed by this spec has been underlined. If no underlines exist, then the entire requirement should be met by the spec.

Req ID	Requirement	Gap	Functional Response	Data Implic ations
FI-004	System must provide the ability to support electronic funds transfer (EFT),[1] electronic data interchange (EDI) with Vendors, and electronic billing.		Currently, ShareCare does not support electronic funds transfer, EDI, or electronic billing with Vendors. During the JAD Sessions and in subsequent meetings with DDS and Regional Center staff, participants were polled on their use of EDI. It was discovered that one Regional Center is using EDI for Medi-Cal billing. Many Operational and a few Service Provider Vendors prefer to receive payments in the form of an electronic funds transfer (EFT), as opposed to the receipt of a paper check. In support of these Vendors, ShareCare will be enhanced to support EFT and electronic billing as the payment method for those Vendors who have the ability to accept these types of payments. ShareCare will also support the receipt of Consumer's benefit monies electronically from their financial institutions. In addition, ShareCare will also be enhanced to provide the file layout required to support the use of EDI for Medi-Cal billing.	
FI-067	System must provide the ability for authorized user to reverse an ACH payment. [2]		ShareCare does not have the ability to allow an authorized user to reverse and ACH payment. After an ACH payment is made, prior to the file being transferred, an authorized user can initiate the reversal process by establishing a reverse issuance transaction (credit memo) that will be written to the Issuance File and processed accordingly. If the file has been transmitted, then an adjustment will have to be made to reverse the transaction.	

[1] Section 5.1 and Section 5.2

[2] Section 5.2 Business Rule F and Business Rule G

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1 Introduction

1.1 Statement of Purpose

This specification describes the functionality that is required to support EFT (Electronic Funds Transfer) as a method of payment for Provider Program and/or Operations Vendors. For each Operations Vendor, the Payment Method must be established. If the Payment Method is EFT, additional data fields must be captured to support the process. For each Provider Program, a Regional Center must specify as part of the Rate Agreement, the Payment Method per Service Code. If the Payment Method is EFT, then additional data elements must be captured. As will be defined by this specification, during the Prepare Payments process, the System will identify by Provider Program and Service Code, which Invoices should be paid via a Paper Check and which Invoices should be paid via EFT.

This specification will not provide detailed options of how the files are submitted to each Regional Center's financial institution.

1.2 Definitions

1.2.1 **EFT –** Electronic Funds Transfer (EFT) is a system of transferring money from one bank account directly to another without any paper money changing hands. For this specification's purposed, the EFT program is Direct Deposit.

1.2.2 **ACH –** Automated Clearing House (ACH) is a secure payment transfer system that connects all U.S. financial institutions. The ACH network acts as the central clearing facility for all Electronic Fund Transfer (EFT) transactions that occur nationwide, representing a crucial link in the national banking system.

1.2.3 **Check Digit –** Subfield within Individual DFI Identification. It is the final character of a transit/routing number that may be used to test the validity of a specific transit/routing number.

1.2.4 **File Header Record –** The first record of an ACH file containing information necessary to route, validate and track the ACH entries contained within the file.

1.2.5 **Company/Batch Header Record –** The record(s) contained within an ACH file that describes the originator(s) of an ACH transaction.

2 Assumptions and Limitations

The following are functional and developmental assumptions associated with this Component:

- CADDIS will create a standard ACH output file to support the EFT process.

- Once the file has been created, the Regional Center will be able to employ a process to transfer the file to the respective financial institution.

- Development will determine the best method to produce the file and save it to a secure file directory.

- Contact has been made with Union Bank, City National Bank and Comerica to discuss the various options for file transfer. Each has various options that can be implemented to support the EFT process based on the specific Regional Center's needs. See Appendix A for the IBM Global Network solution.

- As specified by Specification 092 Provider Fiscal and Business Data, the Bank Information captured will include a Bank Name, Account Type, Routing Number, Account Number, and ACH Number.

- As specified by Specification 027 Contract Management, On the Rate Agreement Tab, the Payment Settings Flag, the Payment Method can be established by Service Code by Provider Program, specific to a Regional Center. For example, for each Service Code, the Payment Method can be set to be Electronic Funds Transfer and the Bank Information can be associated.

- As specified by Specification 60 AP Operations Vendor, on the Operations Vendor Tab, the Profile Flag, an Operations Vendor's Payment Type can be set as Electronic Funds Transfer. In addition, a Secure Tab has been created for the Bank Information. The system will capture the Bank Name (Mandatory), Routing Number (Mandatory), Account Number (Mandatory), ACH Number (Mandatory), Begin Date (Mandatory) and End Date.

- As specified by Specification 062 Prepare Payments, On the Prepare Payments Tab, on the Prepare Payment Flag, there will be a detailed line for each payment being made to the Provider Program/Operations Vendor.

- As specified by Specification 067 Void Checks, the Void Check is a process wherein adjustments are created to reverse the AP and cash transactions associated with a specific check. The invoice balance is returned to its status prior to issuing payment and posting. After the Void is processes and the adjustments are posted, the invoice can be selected and payment can be issued again. The same process is required for EFT Payments.

3   Unresolved Questions and Issues

The following are issues and questions that are still outstanding associated with this Component:

- Requirement FI-067 states, System must provide the ability for authorized user to reverse an ACH payment. As part of the Prepare Payments functionality, there will be an EFT Checkbox for every payment detail line where the system has determined that the payment method should be through an Electronic Funds Transfer process. A user will have the ability to deselect the flag. Does this functionality satisfy the requirement?

- How is the Reference Number associated with each payment transaction generated?

4   Current Functionality - ShareCare

ShareCare currently does not have the ability to issue payments to Provider Programs or Operations Vendors via an Electronic Funds Transfer process.

5   General Requirements Definition

ShareCare will be enhanced to support the EFT Payment Method. In order to support this functionality, in addition to all of the Specifications that have been developed requiring the capture of EFT information for Provider Programs and Operations Vendors, ShareCare will need to be enhanced to capture ACH

information specific to a Regional Center. In addition, ShareCare will be enhanced to produce EFT files that can be submitted to financial institutions for processing.

5.1 New Functionality – Collect ACH Information

5.1.1 ACH Setup Tab

An ACH Setup Tab will be added to the Entity (i.e. –Regional Center) Tabset. This new tab will capture the ACH data required to support the EFT process through the clearinghouse.

A. Business Rules

    1. All of the fields are required.

    2. The data from this Tab will be used when creating the file to submit to the financial institution for processing.
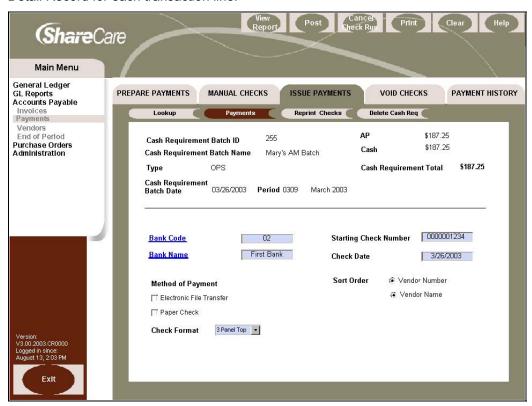
B. Action Buttons

    1. Update

    2. Close

    3. Help

C. There are not InfoBar Data Fields

D. Lookup Data Elements

Screen Label	Data Type	Req	Validations	Option Values	Comment
ACH Immediate Destination	AlphaNumeric	Y			
ACH Immediate Origin	AlphaNumeric	Y			
ACH Immediate Destination Name	Text	Y			
ACH Immediate Origination Name	Text	Y			
ACH Company Name	Text	Y			
ACH Discretionary Data	Text	Y			
ACH Company ID	AlphaNumeric	Y			
ACH Company Entry Description	Text	Y			
ACH Originating DFI ID	AlphaNumeric	Y			
ACH TRACE Prefix	AlphaNumeric	Y			
ACH TRACE SEQUENCING	Y	Y			

5.2 Create EFT File for ACH Processing

A user will be able to create an EFT file by accessing the Issue Payments Tab, Payments Flag, selecting the Method of Payment as Electronic Funds Transfer and clicking the Process EFT button. The system will gather all of the payments for the Provider Programs/Operations Vendors as specified in the Issue Payments Specification, but instead of producing paper checks, will produce an EFT file, with an Entry Detail Record for each transaction line.

A.   Business Rules

1.   Add an Action Button to the Issue Payment Tab, Payments Flag, called Process EFT.

2.   The Process EFT button can only be clicked if the Payment Method is set for Electronic Funds Transfer.

3.   If the Process EFT button is clicked, the same payment grouping process to issue payments for multiple Invoices into one check/transaction for a Provider Program/Operations Vendor must be applied.

4.   A Reference Number must be generated and associated with the output record, for each line of the file for tracking purposes. It must be stored in CADDIS like a check number is stored associated to a payment This Number should be an auto-generated number with no duplicates.

5.   EFT File Requirements

a)   Each block must contain at least one record of the following types:

1. File Header Record

2. File Control Record

3. Company/Batch Header Record

4. Company/Batch Control Record

b) There are 94 positions per record.

c) For each Payment (transaction) to be made to a Provider Program / Operations Vendor via Electronic Funds Transfer, an Entry Detail Record must be created.

d) The Check Digit Field must be calculated as follows:

1. The Check Digit is computed using Modulus 10 as follows:

a. Multiply each digit in the Transit/Routing Number by weighting factor. The weighting factors for each digit are:

Position: 1 2 3 4 5 6 7 8
Weights: 3 7 1 3 7 1 3 7

2. Add the results of the eight multiplications

3. Subtract the sum from the next highest multiple of 10. The result is the Check Digit.

a. Example:

Transit No   0   7   6   4   0   1   2   5
Multiply By   3   7   1   3   7   1   3   7
Sum: 0   49   6   12   0   1   6   35 = 109

Check Digit = 1 (110 minus 109)

e) A Physical Block must contain ten rows. If there are not enough rows to meet the ten row requirement, then the remaining rows should display '9' from Position 01 to Position 94.

f) Prior to the data being exported from CADDIS, if a Payment Transaction is Voided, the system must be able to pull the associated transactions from the EFT file and set the Invoice associated back to a 'Ready to Issue Payment' Status.

g) If the file has been exported and transmitted, and a Payment Transaction is Voided, the system immediately notify the user if the Void affected any payments previously submitted to the bank.

B. Action Buttons

1. View Notes

2. Help

C. InfoBar Data Fields

1. Program Name

D. ACH Record Formats

The definitions for all of the Data Elements required for the aforementioned records are in the Glossary in the Appendix.

FIELD HEADER RECORD

Field	1	2	3	4	5	6	7	8	9	10	11	12	13
Data Element Name	Record Type Code	Priority Code	Immediate Destination	Immediate Origin	File Creation Date	File Creation Time	File ID Modifier	Record Size	Blocking Factor	Format Code	Immediate Destination Name	Immediate Origin Name	Reference Code
Field Inclusion Requirement	M	R	M	M	M	O	M	M	M	M	O	O	O
Contents	'1'	Numeric	bTTTTAAAAC	bTTTTAAAAC	YYMMDD	HHMM	UPPER CASE A-Z NUMERIC 0-9	094'	10'	1'	AlphaNumeric	AlphaNumeric	AlphaNumeric
Length	1	2	10	10	6	4	1	3	2	1	23	23	8
Position	01-01	02-03	04-13	14-23	24-29	30-33	34-34	35-37	38-39	40-40	41-63	64-86	87-94

FILE CONTROL RECORD

Field	1	2	3	4	5	6	7	8
Data Element Name	Record Type Code	BATCH COUNT	BLOCK COUNT	ENTRY / ADDENDA COUNT	ENTRY HASH	TOTAL DEBIT ENTRY DOLLAR AMOUNT IN FILE	TOTAL CREDIT ENTRY DOLLAR AMOUNT IN FILE	RESERVED
Field Inclusion Requirement	M	M	M	M	M	M	M	N/A
Contents	'9'	Numeric	Numeric	Numeric	Numeric	$$$$$$$$$	$$$$$$$$$$	Blank
Length	1	6	6	8	10	12	12	39
Position	01-01	02-07	08-13	14-21	22-31	32-43	44-55	56-94

COMPANY/BATCH HEADER RECORD

Field	1	2	3	4	5	6	7	8	9	10	11	12	13
Data Element Name	Record Type Code	Services Class Code	Company Name	Company Discretionary Data	Company Identificaiton	Standard Entry Class Code	Company Entry Description	Company Descriptive Date	Effective Entry Date	Settlement Date (Julian)	Originator Status Code	Orginiating DFI Identification	Batch Number
Field Inclusion Requirement	M	M	M	O	M	M	M	O	R	Inserted by Operator ACH	M	M	M
Contents	'5'	Numeric	AlphaNumeric	AlphaNumeric	AlphaNumeric	AlphaNumeric	AlphaNumeric	AlphaNumeric	YYMMDD	Numeric	AlphaNumeric	TTTTAAAA	AlphaNumeric
Length	1	3	16	20	10	3	10	6	6	3	1	8	7
Position	01-01	02-03	04-13	14-23	24-29	30-33	34-34	35-37	38-39	40-40	41-63	64-86	87-94

COMPANY/BATCH CONTROL RECORD

Field	1	2	3	4	5	6	7	8	9	10	11
Data Element Name	Record Type Code	Services Class Code	Entry/Addenda Count	Entry Hash	Total Debit Entry Dollar Amount	Total Credit Entry Dollar Amount	Company Identification	Message Authentication Code	Reserved	Originating DFI Identification	Batch Number
Field Inclusion Requirement	M	M	M	M	M	M	R	O	N/A	M	M
Contents	'8'	Numeric	Numeric	Numeric	$$$$$$	$$$$$$	AlphaNumeric	AlphaNumeric	Blank	TTTTAAAA	Numeric
Length	1	3	6	10	12	12	10	19	6	8	7
Position	01-01	02-04	05-10	11-20	21-32	33-44	45-54	55-73	74-79	80-87	88-94

ENTRY DETAIL RECORD

Field	1	2	3	4	5	6	7	8	9	10	11
Data Element Name	Record Type Code	Transaction Code	Received DFI Identification	Check Digit	Total Debit Entry Dollar Amount	Total Credit Entry Dollar Amount	Company Identification	Message Authentication Code	Reserved	Originating DFI Identification	Batch Number
Field Inclusion Requirement	M	M	M	R	M	O	R	O	M	M	
Contents	'6'	Numeric	TTTTAAAA	Numeric	AlphaNumeric	$$$$$$	AlphaNumeric	AlphaNumeric	AlphaNumeric	Numeric	Numeric
Length	1	2	8	1	17	10	15	22	2	1	15
Position	01-01	02-03	04-11	12-12	13-29	30-39	40-54	55-76	77-78	79-79	80-94

6 Workflow Definition

6.1 Workflow Process

6.1.1 Update ACH Information for a Regional Center

6.1.2 Prepare Payments – Select EFT Payments to Process

6.1.3 Issue Payments – Create EFT File

6.2 Workflow Process Diagram

7 Associated Outputs

Electronic Funds Transfer File

8 Security, Access and Privileges

9 Testing Scenario

10 References

- POS Design SMEs
- 1993 NACHA Operation Rules, Corporate Edition
- Jacque Weimer, DDS
- Union Bank, Comerica, and City National Bank

11 Appendix

11.1 Sample File Layouts

11.2 ACH Glossary

11.3 Responses to Comments received from Approval submission

1. page 7 - would like to know how the file gets from here to there.
   a. An Issue was submitted to the CADDIS Issues Committee. The result was that Jacque contacted Union Bank and discussed file transfer options with Frank Ameril. Union Bank has many options for file transfer that can be utilized. CADDIS is required to produce the file and save it to a location that can be accessed by a user from a Regional Center, or a process of the Regional Center.

2. page 7 - 5th bullet - specification 60 AP Operations Vendor should have been changed to put bank information on a separate secure tab. If all other information is mandatory - should ACH # be.
   a. The 5th bullet ahs been updated to reflect the fact that the bank information is on a separate tab.

3. unresolved issues - Requirement FI-067 speaks to when a check is voided or deleted after an eft batch has been created and not transmitted - it needs to go into the batch and either reduce or remove the eft payment. Also, if the batch has been transmitted and a payment voided or deleted, a report needs to tell someone that they need to do something about it.
   a. An additional business rule has been added to address the requirement to reverse an EFT payment prior to the file being exported and submitted to the bank.

4. reference number - when the file is created - it should create a reference number for each line in the final file. It is just an autonumber.

   a. An additional business rules has been added to auto-generate a unique identifier to be used like a "Check Number" for EFT payments.

5. Page 7 - Unresolved Questions & Issues - re: FI-067 - These are two different issues. To reverse an ACH payment means we need the capability to void and ach transaction (just like a check) back to the point were it is ready to issue payment. If a transmission fails, our system would show that the payment to the vendor was made, but the bank wouldn't receive the file due to the failure. Instead of having to delete the payment, then have to reinvoice and create the new check, if we could "Void" it, then we could retransmit the file. The delselect EFT flag issue goes back to having that check box on the cash requirement screen. Again, I'm ok with having the deselect box here. Perhaps having an alert go out if a box is unchecked will help others feel comfortable.

   a. Please see the response to #3 above. I have not designed a method to support a void when the file is transmitted due to the problems that could cause. On the reposting of this Specification, I am going to pose the question. It seems to me if I transmit a file and my records show that I made payment, it would be a very slippery slope to provide a user with the ability to void those transactions and issue payment again – although the system says that I made payment.

   I have added that the user should be prompted in the event that a Payment Transaction is voided and it is an EFT Transaction – to alert the user to address the situation.

6. Lastly, I think this spec should probably go through the resource group and accounting. Those two groups have a lot more to do with the actual set up of EFT than POS.

   a. When this document is posted for Review – I will send messages out to the Accounting and POS SMEs to review. The DDS Technical Support Team is reviewing as well.